

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

▶ **Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.**
▶ **See separate instructions.**

2007

For calendar year 2007 or tax year beginning , 2007, ending , 20

| | | | |
|--|---|--|--|
| A S election effective date | Use IRS label. Otherwise, print or type. | Name | D Employer identification number |
| B Business activity code number (see instructions) | | Number, street, and room or suite no. If a P.O. box, see instructions. | E Date incorporated |
| C Check if Sch. M-3 attached <input type="checkbox"/> | | City or town, state, and ZIP code | F Total assets (see instructions) |
| | | | \$ |

G Is this the corporation's first year as an S corporation? ☐ Yes ☐ No If "Yes," you must attach Form 2553 (if not previously filed)

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change
(4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders in the corporation at the end of the tax year ▶

Caution. Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

| | | | | | |
|--|---|--------------------------------------|----------------|------------|--|
| Income | 1a Gross receipts or sales | b Less returns and allowances | c Bal ▶ | 1c | |
| | 2 Cost of goods sold (Schedule A, line 8) | | | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | | | 3 | |
| | 4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) | | | 4 | |
| | 5 Other income (loss) (see instructions—attach statement) | | | 5 | |
| | 6 Total income (loss). Add lines 3 through 5. ▶ | | | 6 | |
| Deductions (see instructions for limitations) | 7 Compensation of officers | | | 7 | |
| | 8 Salaries and wages (less employment credits) | | | 8 | |
| | 9 Repairs and maintenance | | | 9 | |
| | 10 Bad debts | | | 10 | |
| | 11 Rents | | | 11 | |
| | 12 Taxes and licenses | | | 12 | |
| | 13 Interest | | | 13 | |
| | 14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562) | | | 14 | |
| | 15 Depletion (Do not deduct oil and gas depletion.) | | | 15 | |
| | 16 Advertising | | | 16 | |
| | 17 Pension, profit-sharing, etc., plans | | | 17 | |
| | 18 Employee benefit programs | | | 18 | |
| | 19 Other deductions (attach statement) | | | 19 | |
| | 20 Total deductions. Add lines 7 through 19. ▶ | | | 20 | |
| | 21 Ordinary business income (loss). Subtract line 20 from line 6 | | | 21 | |
| Tax and Payments | 22a Excess net passive income or LIFO recapture tax (see instructions) | 22a | | 22c | |
| | b Tax from Schedule D (Form 1120S) | 22b | | | |
| | c Add lines 22a and 22b (see instructions for additional taxes) | | | | |
| | 23a 2007 estimated tax payments and 2006 overpayment credited to 2007 | 23a | | 23d | |
| | b Tax deposited with Form 7004 | 23b | | | |
| | c Credit for federal tax paid on fuels (attach Form 4136) | 23c | | | |
| | d Add lines 23a through 23c | | | | |
| | 24 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ <input type="checkbox"/> | | | 24 | |
| | 25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed | | | 25 | |
| | 26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid | | | 26 | |
| | 27 Enter amount from line 26 Credited to 2008 estimated tax ▶ Refunded ▶ | | | 27 | |

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ **Yes** ☐ **No**

| | | | | |
|---------------------------------|--|------|---|------------------------|
| Paid Preparer's Use Only | Preparer's signature | Date | Check if self-employed <input type="checkbox"/> | Preparer's SSN or PTIN |
| | Firm's name (or yours if self-employed), address, and ZIP code | | | EIN |

Schedule A Cost of Goods Sold (see instructions)

| | | | | |
|----------|--|----------|--|--|
| 1 | Inventory at beginning of year | 1 | | |
| 2 | Purchases | 2 | | |
| 3 | Cost of labor | 3 | | |
| 4 | Additional section 263A costs (<i>attach statement</i>) | 4 | | |
| 5 | Other costs (<i>attach statement</i>) | 5 | | |
| 6 | Total. Add lines 1 through 5 | 6 | | |
| 7 | Inventory at end of year | 7 | | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | | |

9a Check all methods used for valuing closing inventory: (i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (Specify method used and attach explanation.) ► _____

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ► ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ► ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d** _____

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

| | Yes | No |
|---|-----|----|
| 1 Check accounting method: a <input type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ► _____ | | |
| 2 See the instructions and enter the: a Business activity ► _____ b Product or service ► _____ | | |
| 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made? | | |
| 4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? | | |
| 5 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ► \$ _____ | | |
| 7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____ | | |
| 8 Are the corporation's total receipts (<i>see instructions</i>) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1 | | |

Schedule K Shareholders' Pro Rata Share Items

| | Total amount |
|---|--------------|
| 1 Ordinary business income (loss) (page 1, line 21) | 1 |
| 2 Net rental real estate income (loss) (<i>attach Form 8825</i>) | 2 |
| 3a Other gross rental income (loss) 3a | |
| b Expenses from other rental activities (<i>attach statement</i>) 3b | |
| c Other net rental income (loss). Subtract line 3b from line 3a 3c | |
| 4 Interest income | 4 |
| 5 Dividends: a Ordinary dividends 5a | |
| b Qualified dividends 5b | |
| 6 Royalties | 6 |
| 7 Net short-term capital gain (loss) (<i>attach Schedule D (Form 1120S)</i>) | 7 |
| 8a Net long-term capital gain (loss) (<i>attach Schedule D (Form 1120S)</i>) 8a | |
| b Collectibles (28%) gain (loss) 8b | |
| c Unrecaptured section 1250 gain (<i>attach statement</i>) 8c | |
| 9 Net section 1231 gain (loss) (<i>attach Form 4797</i>) | 9 |
| 10 Other income (loss) (<i>see instructions</i>) Type ► | 10 |

| | Shareholders' Pro Rata Share Items (continued) | Total amount | |
|--|---|---------------|--|
| Deductions | 11 Section 179 deduction (<i>attach Form 4562</i>) | 11 | |
| | 12a Contributions | 12a | |
| | b Investment interest expense | 12b | |
| | c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶ | 12c(2) | |
| | d Other deductions (<i>see instructions</i>) Type ▶ | 12d | |
| Credits | 13a Low-income housing credit (section 42(j)(5)) | 13a | |
| | b Low-income housing credit (other) | 13b | |
| | c Qualified rehabilitation expenditures (rental real estate) (<i>attach Form 3468</i>) | 13c | |
| | d Other rental real estate credits (<i>see instructions</i>) Type ▶ | 13d | |
| | e Other rental credits (<i>see instructions</i>) Type ▶ | 13e | |
| | f Credit for alcohol used as fuel (<i>attach Form 6478</i>) | 13f | |
| | g Other credits (<i>see instructions</i>) Type ▶ | 13g | |
| Foreign Transactions | 14a Name of country or U.S. possession ▶ | 14b | |
| | b Gross income from all sources | 14c | |
| | c Gross income sourced at shareholder level | | |
| | <i>Foreign gross income sourced at corporate level</i> | 14d | |
| | d Passive category | 14e | |
| | e General category | 14f | |
| | f Other (<i>attach statement</i>) | | |
| | <i>Deductions allocated and apportioned at shareholder level</i> | 14g | |
| | g Interest expense | 14h | |
| | h Other | | |
| | <i>Deductions allocated and apportioned at corporate level to foreign source income</i> | 14i | |
| | i Passive category | 14j | |
| | j General category | 14k | |
| | k Other (<i>attach statement</i>) | | |
| <i>Other information</i> | 14l | | |
| l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | 14m | | |
| m Reduction in taxes available for credit (<i>attach statement</i>) | | | |
| n Other foreign tax information (<i>attach statement</i>) | | | |
| Alternative Minimum Tax (AMT) Items | 15a Post-1986 depreciation adjustment | 15a | |
| | b Adjusted gain or loss | 15b | |
| | c Depletion (other than oil and gas) | 15c | |
| | d Oil, gas, and geothermal properties—gross income | 15d | |
| | e Oil, gas, and geothermal properties—deductions | 15e | |
| | f Other AMT items (<i>attach statement</i>) | 15f | |
| Items Affecting Shareholder Basis | 16a Tax-exempt interest income | 16a | |
| | b Other tax-exempt income | 16b | |
| | c Nondeductible expenses | 16c | |
| | d Property distributions | 16d | |
| | e Repayment of loans from shareholders | 16e | |
| Other Information | 17a Investment income | 17a | |
| | b Investment expenses | 17b | |
| | c Dividend distributions paid from accumulated earnings and profits | 17c | |
| | d Other items and amounts (<i>attach statement</i>) | | |
| Reconciliation | 18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l | 18 | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|--|-----------------------|-----|-----------------|-----|
| Assets | | (a) | (b) | (c) | (d) |
| 1 | Cash | | | | |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | | () | |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets (attach statement) | | | | |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach statement) | | | | |
| 10a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | () | | () | |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | | () | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | | () | |
| 14 | Other assets (attach statement) | | | | |
| 15 | Total assets | | | | |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | | | |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach statement) | | | | |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach statement) | | | | |
| 22 | Capital stock | | | | |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings | | | | |
| 25 | Adjustments to shareholders' equity (attach statement) | | | | |
| 26 | Less cost of treasury stock | () | | () | |
| 27 | Total liabilities and shareholders' equity | | | | |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

| | | | | | |
|----------|---|--|----------|---|--|
| 1 | Net income (loss) per books | | 5 | Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize): | |
| 2 | Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize): | | a | Tax-exempt interest \$ | |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize): | | 6 | Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize): | |
| a | Depreciation \$ | | a | Depreciation \$ | |
| b | Travel and entertainment \$ | | 7 | Add lines 5 and 6 | |
| 4 | Add lines 1 through 3 | | 8 | Income (loss) (Schedule K, line 18). Line 4 less line 7 | |

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

| | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|----------|---|-------------------------------|---|
| 1 | Balance at beginning of tax year | | |
| 2 | Ordinary income from page 1, line 21 | | |
| 3 | Other additions | | |
| 4 | Loss from page 1, line 21 | () | |
| 5 | Other reductions | () | |
| 6 | Combine lines 1 through 5 | | |
| 7 | Distributions other than dividend distributions | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | | |



2007

ending _____, 20____

► See back of form and separate instructions.

For IRS Use Only

2007

ending _____, 20____

► See back of form and separate instructions.

For IRS Use Only